



May 14, 2014

Item No. 6

AUTHORIZATION TO ENTER INTO A NEW LEASE AGREEMENT WITH ILLINOIS INSTITUTE OF TECHNOLOGY

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to enter into a new lease agreement with Illinois Institute of Technology (IIT) for the premises located at 10 W. 35th Street, 5th Floor. The proposed lease is for 15,868 square feet of space for a base term of three (3) years in an amount not to exceed \$1,130,646 with two (2) one-year extension options in an amount not to exceed \$399,781 and \$411,774, respectively. CHA's current lease with IIT expires on May 31, 2014.

The Deputy Chief Housing Officer of Housing Choice Voucher, the Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

CORPORATE GOAL

PLAN FORWARD GOAL 3:

Expand services to more residents, targeted to their needs, and at critical milestones in their lives.

FUNDING

General Fund, Funding Code: 8000393520-4190-30

LEASE AGREEMENT SUMMARY

Vendor: Illinois Institute of Technology

10 W. 35th Street

Chicago, IL 60616

Contract Type: Lease Agreement

Base Lease Term: 6/1/14 to 5/31/17

Extension Option Periods:

1st Option Term: 6/1/17 to 5/31/18

2nd Option Term: 6/1/18 to 5/31/19

Aggregate Lease Agreement Amount:

Base Lease Agreement Period: 3 years

Base Lease Agreement Amount: \$1,130,646

2 one-year options

1st Option Term Amount: \$399,781

2nd Option Term Amount: \$411,774

\$1,942,201

GENERAL BACKGROUND /EXPLANATION

- HCV has served more than 20,000 families from the 10 W. 35th Street office since 2010.
- HCV conducted a survey of sites of similar size that are currently available for rent on the South Side in zip codes where we have a concentration of HCV families. The following table summarizes the results of this survey:

LOCATION	SQUARE FEET AVAILABLE	RENT PER SQAURE FOOT	MONTHLY HEATING COST PER SQUARE FOOT**	MONTHLY JANITORIAL COST PER SQUARE FOOT**	TOTAL COST PER SQUARE FOOT
10 W. 35th St.	15,868	\$23	Included in rent	Included in rent	\$23
2215 W. 95th St.	13,400	\$18 (1 st fl.) \$12 (2 nd fl.)	\$0.61	\$8.88	\$27.49 (1 st fl.) \$21.49 (2 nd fl.)
9226 S. Commercial Ave.	10,000	\$15.75	\$0.61	\$8.88	\$25.24
2325 S. Michigan Ave.	13,000	\$15	\$0.61	\$8.88	\$24.49
**Heating and janitorial services per-square-foot costs based on HCV records from 2012 contract, plus 1.9% cumulative rate of inflation.					

Considerations

- The total per-square-foot cost of the proposed IIT lease is the lowest of all the sites that HCV surveyed when heating and janitorial costs are considered.
- The current cost per square foot of the IIT lease is \$24.95 and the proposed cost per square foot is \$23.00.
- Moving expenses associated with a new unit include moving 58 staff and all equipment, Marketing brochures, letters, websites, etc. The rough estimate for a move of this size is approximately \$146,000 (including potential build-out). Any move would have to be carried out while attempting to keep service going for the families with minimal interruption.
- Benefits of a new lease agreement with IIT:
 - Location is easily accessible by several modes of public transportation (including the Red Line, the Green Line, and the Metra Rock Island) and is easily accessible via the Dan Ryan Expressway.
 - The building is handicapped accessible.
 - The building has ample parking for participants and staff.
 - The building features an auditorium that seats nearly 150 and is available for CHA use.
 - Remaining at 10 W. 35th St. avoids any costs associated with moving the HCV South Office.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The Chief Housing Officer concurs with the recommendation to enter into a new lease agreement between Illinois Institute of technology and Chicago Housing Authority for the premises located at 10 W. 35th Street, 5th Floor.

The CEO/President recommends the approval to enter into a new lease agreement between Illinois Institute of Technology and Chicago Housing Authority for the premises located at 10 W. 35th Street, 5th Floor, for a base term of three (3) years in an amount not to exceed \$1,130,646 with two (2) one-year extension options in an amount not to exceed \$399,781 and \$411,774, respectively.

RESOLUTION NO. 2014-CHA-46

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated May 14, 2014 entitled "AUTHORIZATION TO ENTER INTO A NEW LEASE AGREEMENT WITH ILLINOIS INSTITUTE OF TECHNOLOGY";

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners authorizes the Chief Executive Officer or his designee to enter into a lease agreement with Illinois Institute of Technology for the premises located at 10 W. 35th Street, 5th Floor for a base term of three (3) years in an amount not to exceed \$1,130,646 with two (2) one-year extension options in an amount not to exceed \$399,781 and \$411,774, respectively.



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